

America's Small Business Resource

Caribbean E-Outlook is a publication of the U.S. Small Business Administration Puerto Rico and U.S. Virgin Islands District Office

Carmen Ana Culpeper, District Director

252 Ponce De León Ave. Suite 200
San Juan, PR 00918-2038

Tel: (787) 766-5572
Fax: (787) 766-5309
www.sba.gov/pr

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For More Information:

- SBA offices are located in all 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Guam. For the office nearest you, look under "U.S. Government" in your telephone directory.
- Fax: 202-205-7064
- E-mail: answerdesk@sba.gov
- TDD: 704-344-6640
- Your rights to regulatory fairness: 1-800-REG-FAIR
- SBA Home Page: www.sba.gov.

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To be added to our mailing list, please e-mail Angelique Adjutant, Public Affairs Officer at angelique.adjutant@sba.gov.

SBA PR & U.S.VI Breaks All Loan Volume Records Since 1993

More than 23,000 individuals benefit from management and technical assistance

The U.S. Small Business Administration (SBA) Puerto Rico & Virgin Islands District Office closed Fiscal Year 2004 (Oct. 1, 2003 – Sept. 30, 2004) achieving the highest loan volume since 1993 and supporting the creation and/or retention of almost 5,000 jobs.

In FY 2004, the District Office ranked 1st in the Region, 2nd in the Small Market size category, and 7th in the Nation. The 1,214 loans backed in FY 2004 represent a 29% increase over loans provided during the previous fiscal year. Of the total volume in FY 2004, the SBA provided 1,133 loans under the 7(a) Loan Guaranty Program for \$128.6 million; 59 loans under the 504 Certified Development Company Program for \$23.3 million; and 22 Micro Loans (under \$35,000) for \$595,000. The total dollar value jumped to \$152.5 million, representing an increase of \$33 million or 27.4% over FY 2003. Compared to 1993, when 643 loans were approved for \$110.3 million, the District has achieved an 89% increase in loan volume and a 39% increase in dollar value.



District Director Carmen A. Culpeper

"During a period when many institutions only prioritize home mortgage lending, our loan guaranty programs proved to be a key resource in providing capital access to materialize the dream of owning a small business," said Puerto Rico and U.S. Virgin Islands District Director Carmen A. Culpeper. "In so doing, we have not only contributed to the economic development of the islands we serve, but have given every assisted entrepreneur a chance to grow and succeed."

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Army Veteran Turns Hard Times into Success

In 2001, when Julio Carrión received honorable discharge from the U.S. Army after having suffered spinal damage during military conflict in Kosovo, he had no idea what he was going to do next.

“Although it was later raised a bit, my initial pension was \$540.00 a month,” Carrión states. “I had a family to support and no idea of how I was going to do so.”

Before being called to active duty, Carrión worked for 11 years at the Puerto Rico Ports Authority as construction projects inspector. His job was waiting for him when he returned from Kosovo, but due to his back injuries he was unable to pick up where he left off.

Moreover, Carrión had filed for bankruptcy under Chapter 7 several years before, making it impossible for him to obtain any type of financial assistance to help him move on.

He opened a small air-conditioner repair shop, but it wasn't garnering much success. Worse than all, one night Carrión and his wife were victims of a carjacking, an incident that left her completely paralyzed after the perpetrator shot her time and time again.

“Thankfully, she is doing so much better now, and can even drive again,” Carrión says, his voice filled with emotion. “But the medical expenses were out of this world.”

Then one day, Carrión decided to call the Veterans Administration (VA) Rehabilitation Center, where he was assigned a counselor who, in turn, called the Veterans Business

Development Officer at the U.S. Small Business Administration's Puerto Rico & Virgin Islands District Office.



WBI Director Pedro Acevedo and Julio Carrión stand in front of Kosovo Auto Care Center.

“After hearing my story and understanding my situation, Ana Vera, the nice lady at SBA put me in touch with Pedro Acevedo, director of the Women's Business Institute,” Carrión recounts. “He asked that I meet him at the satellite office the Institute had in Manatí.”

After meeting with Carrión, the WBI director accompanied him to the repair shop and listened to the Veteran's ideas on how to turn his shop into an auto service center. The WBI did much of the legwork Carrión needed, from market viability studies and demographical research, to setting up a brainstorming meeting with SBA, the VA and bank officials.

“The consensus was a big no,” Carrión remembers. “That is perhaps the biggest obstacle I have encountered. There was no way I was going to get a loan. I was bankrupt, my credit was completely damaged.”

After much discussion on how Carrión could be helped, in 2003 he obtained an \$80,000 grant through the VA and was able to transform his shop into what today is known as Kosovo Auto Care Center, offering basic services from car inspection to oil change, break replacements, and alignment.

Carrión began his new operations on October 29, 2003, with the help of only one employee. When he closed the year two months later, he had generated close to \$9,000 in sales.

Now with three additional employees, Kosovo Auto Care Center generates between \$6,000 and \$7,000 per month. Carrión breathes much easier now.

“It's not the same thing, sleeping until 10:00 in the morning and having nothing to do the rest of the day,” Carrión says. “I now have to think of my employees, the families they support and, of course, my own family.”



A view of Kosovo Auto Care Center.

Happy Holidays from Everyone at the PR & US VI District Office!!!



L-R: José L. Rodríguez, Bob Pardo, Liana González, Angelique Adjutant, Carmen A. Culpeper & Jorge Betancourt.

L-R: Rosa Lagomarsini, Enid González & Millie Ocasio.



L-R: José Ibern, Héctor Narváez, Rubén Cortés.

L-R: Myriam Rodríguez, Luis Núñez, Ana M. del Toro, Benigno Casiano, Marlene Ramírez & Samuel Maldonado.



Ana M. Vera



Carl Christensen & Wayne Biggs



Edgardo Rodríguez, Ivonne Candelario & Rafael Cintrón.

Wilma Sosa & Angel Santana

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In keeping with the Agency's strategic goal of increasing small business success by bridging competitive opportunity gaps facing entrepreneurs, during FY 2004 the District targeted the segments of women and rural communities, obtaining a loan increase of 95% and 29%, respectively, over FY 2003.

The District approved 283 loans to women in FY 2004, with a dollar value of \$34.5 million, and 651 loans in rural areas with a dollar value of \$84.3 million.

Counseling and training also proved as successful as ever during FY 2004. With the support of SBA's resource partners, more than 23,875 aspiring and existing entrepreneurs received management and technical assistance. And, through the efforts of matchmaking events and appointments, 40 contracts and 15 modifications were awarded in the area of government contracting and business development, for an estimated dollar value of \$46 million, helping create and/or retain 345 jobs.

DISASTER NEWS

More than \$1 million in disaster loans has been approved to Puerto Rico residents for damages resulting from Tropical Storm Jeanne and the resulting landslides and mudslides.

The U.S. Small Business Administration (SBA) has approved 201 loans for \$1,674,300 to homeowners, renters and business owners that suffered losses as a result of the storm.

Since 1989, SBA has invested more than \$394 million in the Commonwealth of Puerto Rico through its disaster loan program. SBA disaster loans are a critical source of economic stimulation in disaster-ravaged communities, helping spur employment and stabilize tax bases.

When a disaster occurs, SBA helps homeowners, renters, businesses of all sizes, and nonprofit organizations fund repairs and rebuilding efforts, and covers the cost of replacing lost or damaged personal property.

Small businesses may also be eligible for Economic Injury Disaster Loans (EIDLs), which provide needed working capital until normal operations resume after a disaster.

These loans cover operating expenses the business could have paid had the disaster not occurred.

Although the time period for individuals and businesses to apply for funds to repair or replace disaster-damaged real or personal property ended on November 22, 2004, small business owners interested in applying for EIDLs may do so until June 21, 2005.

SBA also offers mitigation funds to disaster victims that have approved disaster loans. SBA mitigation funds are designed to help borrowers fund protective measures to prevent damages of the same kind from recurring in the future. To help fund these protective measures, borrowers may request an additional 20 percent of their approved loan amount.

For more information about SBA's disaster loan program visit a disaster recovery center, call the Disaster Area Office at **1-800-659-2955**, or for the hearing-impaired, **1-800-877-8339** or visit SBA's website at www.sba.gov/disaster.

UPCOMING EVENTS

Steps for Filing 2004 Business Taxes

Date: January 20, 2005

Time: 6:00 - 8:00 PM

Place: SBDC, Sunshine Mall, St. Croix

Call: (340) 692-5270

Roundtable: Employee vs Prof. Services

Date: January 25, 2005

Time: 11:00 AM - 1:30 PM

Place: WBI, Santurce, PR

Call: (787) 726-7045

8(a) Pre-certification Workshop

Date: January 26, 2005

Time: 9:00 - 11:30 AM

Place: SBA DO, Hato Rey

Call: (787) 766-5572

Are you an SBA Success Story?

If you or someone you know has received and benefited from SBA assistance, we would like to hear from you.

We are looking for small firms that have received past or present assistance through SBA programs and services or through its resource partners such as the SBDC, Women's Business Institute or SCORE.

Please submit your recommendations to Angelique Adjutant, SBA Public Affairs Officer, by phone at (787) 766-5570, via fax at (787) 766-5525 or e-mail to angelique.adjutant@sba.gov.

SBA DISTRICT LOAN PRODUCTION BY MARKET (FIVE YEARS)

Type	2000	2001	2002	2003	2004	All Years
Total Loans	636	779	795	923	1,192	4,325
Total Dollars \$	93,944	83,714	94,771	119,201	151,954	543,584
Start-ups	275	292	306	301	404	1,578
Dollars \$	40,550	33,386	40,125	40,114	57,298	211,474
Existing Businesses	361	487	489	622	788	2,747
Dollars \$	53,394	50,328	54,646	79,086	94,656	332,110
Women Owned	126	139	139	142	275	821
Dollars \$	208	656	408	726	905	2,903
Rural	236	254	161	506	651	1,808
Dollars \$	38,488	35,067	23,965	57,759	83,794	239,073
Veterans	21	38	24	52	54	189
Dollars \$	3,322	5,720	3,487	10,572	11,522	34,623

SBA DISTRICT LOAN PRODUCTION BY MAJOR INDUSTRY (AS OF 9/30/04)

Major Industry	# of Loans	Dollars (,000)
Agriculture	9	1,280,000
Construction	81	6,233,000
Manufacturing	85	15,646,300
Wholesale Trade	101	9,624,680
Retail Trade	146	18,165,262
Transportation	201	24,125,600
Information & Technology	16	1,891,700
Insurance	2	115,000
Real Estate	22	1,920,900
Services	529	72,952,031
Totals	1,192	151,954,476

SBA LOAN PRODUCTION IN PR & USVI (AS OF 9/30/04 - 9/30/03)

Lender / CDC	# of Loans 2004	\$\$\$ Value	# of Loans 2003	\$\$\$ Value
Banco Bilbao Vizcaya Argentaria	261	\$17,852,220	69	\$5,456,016
Banco Popular de Puerto Rico ♦	616	\$77,877,596	631	\$64,861,321
Banco Santander Puerto Rico	208	\$26,357,600	145	\$20,470,500
Business Loan Center	2	\$1,417,000	2	\$1,206,000
Citibank, N.A.	3	\$105,000	0	0
Cooperativa Ahorro y Crédito Aguada	3	\$1,145,000	1	\$210,000
Doral Bank	24	\$1,974,900	5	\$650,000
Economic Development Bank for PR	0	0	1	\$322,000
Eurobank	1	\$310,000	2	\$392,760
Firstbank♦	3	\$1,025,000	4	\$465,000
Government Development Bank of VI	2	\$90,000	1	\$50,000
Grow America Fund, Inc.	4	\$430,000	6	\$921,000
Independence Bank	1	\$150,000	0	0
Oriental Bank & Trust	3	\$305,000	1	\$50,000
R&G Premier Bank of PR	0	0	2	\$250,000
Scotiabank Puerto Rico	1	\$85,000	8	\$914,600
Virgin Islands Community Bank	1	\$100,000	0	0
Westernbank	0	0	0	0
COFECC*	8	\$3,024,000	11	\$5,923,000
Marketing Development Corp. *	33	\$12,847,000	27	\$13,148,000
North PR Local Development *	5	\$1,837,000	4	\$2,221,000
PR Business Development Corp.*	13	\$5,602,000	3	\$1,920,000
TOTALS	1,192	\$152,534,316	923	\$119,431,197

♦Includes Loans in VI

*CDC